

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2021/2022

DMG5014 – MANAGEMENT ACCOUNTING 1

(All sections / Groups)

12 AUGUST 2022
9:00 A.M – 12:00 P.M.
(3 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **5** pages with **5** questions only.
2. Attempt **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

QUESTION 1**Part A**

Maju Steel Manufacturing has the following cost records for the month of June 2022.

	<u>RM</u>		<u>RM</u>
Raw materials inventory, 1 June	57,400	Factory labour costs	333,900
Raw materials inventory, 30 June	40,000	Factory repairs	8,300
Finished goods inventory, 1 June	65,200	Sales salaries	46,600
Finished goods inventory, 30 June	63,000	Plant manager's salary	32,400
Work in process inventory, 1 June	39,900	Prepaid expenses	5,000
		Raw material	
Work in process inventory, 30 June	34,400	purchases	78,200
		Sales returns and	
Accounts receivable	53,500	allowances	31,600
Cash	47,800	Sales revenue	644,700
Depreciation expense	52,200	Utilities expense	42,800

Additional information:

1. All raw materials used in production were direct materials.
2. 80% of the depreciation expense relates to factory operations.
3. 70% of the factory labour costs are direct labour.
4. 65% of the utilities expense relates to factory operations.

Required:

- (a) Prepare the Cost of Goods Manufactured schedule. (9 marks)
- (b) Prepare the Income Statement through gross profit. (5 marks)
- (c) Prepare the current assets section of the Statement of Financial Position. (4 marks)

Part B

Identify the difference between Maju Steel Manufacturing Company's Statement of Financial Position with a merchandising company's Statement of Financial Position.

(2 marks)

(Total: 20 marks)

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QUESTION 2

Lee Industries is a manufacturer that uses job order costing. The company applies overhead costs to jobs on the basis of machine hours worked. For the current year, Lee Industries estimated that it would work for 100,000 machine hours and incur RM700,000 of manufacturing overhead cost.

The following transactions were recorded for the month of May:

1. Raw materials were purchased on account, RM72,000.
2. Raw materials were requisitioned for the use in production, RM72,000; of which RM53,000 were direct materials.
3. Cost accrued for the factory labour were RM39,000.
4. Time ticket indicated that RM33,500 were direct labour and the remaining is indirect labour.
5. Overhead costs incurred on account were RM36,800.
6. Insurance expired during the month, RM7,100; of which 80% relates to factory operations and 20% relates to selling and administrative activities.
7. Depreciation was recorded for the month, RM42,000; of which 70% relates to factory operations and the remaining relates to selling and administrative activities.
8. Manufacturing overhead was applied to production. The company worked 12,000 machine hours during the month.
9. Goods costing RM230,000 to manufacture according to their job cost sheet were completed during the month.
10. Finished goods costing RM87,000 to manufacture were sold on account at 30% above costs.

Required:

(a) Prepare journal entries to record the above transactions. Show your workings for the calculation of predetermined overhead rate. Omit explanation. (17 marks)

(b) Calculate the amount of under or overapplied overhead. Prepare the adjusting entry to adjust the under or overapplied overhead. (3 marks)

(Total: 20 marks)

QUESTION 3**Part A**

The packaging department of Sunny Golden Manufacturing has the following production and manufacturing cost data for the month of May 2022. All materials are added at the beginning of process.

Manufacturing Costs		Production Data	
	RM	Beginning work in process	37,000 units
Beginning work in process			10% complete
Materials	109,000	Unit transferred out	77,000
Conversion costs	154,705	Unit started	82,000
	<u>263,705</u>		
Started into production			
Materials	367,000	Ending work in process	42,000
			20% complete
Labour	118,490		
Overhead	25,705		

Required:

Prepare a production cost report for the packaging department for the month of May using the weighted-average method. (*Show all of your workings*). (17 marks)

Part B

Describe **THREE (3)** similarities between a job order and process cost system.

(3 marks)

(Total: 20 marks)

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QUESTION 4

In 2022, MF Rich Company sold 1,000 units at RM660 each. Variable costs were RM396 per unit, and fixed costs were RM501,600. The selling price is expected to increase by 20% in 2023 and with expected sales of 1,250 units. MF Rich Company is tentatively planning to invest in equipment that would increase fixed costs to RM594,000, while decreasing variable costs per unit by 50%.

Required:

- (a) Compute the break-even point in Ringgit Malaysia (RM) for the year 2022 by using the mathematical equation. (*Show all workings*). (4 marks)
- (b) Compute the break-even point in Ringgit Malaysia (RM) for the year 2023 by using the mathematical equation. (*Shows all workings*). (6 marks)
- (c) Compute the total sales in Ringgit Malaysia (RM) that the company need to generate, if the company wish to earn net income of RM1,485,000 in the year 2023 by using mathematical equation. (*Shows all workings*). (6 marks)
- (d) With expected sales of 1,250 units for 2023, compute the margin of safety in Ringgit Malaysia (RM) and in ratio for the year 2023. (*Show all workings*). (4 marks)

(Total: 20 marks)

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QUESTION 5

Breeze Clean manufactures and sells car detergent for RM150 per unit. The company has provided the following data related to the first quarter of the 2022 operations.

Finished goods inventory at the beginning of the quarter	3,000 units
Sales	14,000 units
Finished goods inventory at the ending of the quarter	4,000 units

Manufacturing costs:

Variable	RM80 per unit
Fixed	RM450,000 per quarter

Non-manufacturing costs:

Variable marketing and administrative expense	RM20 per unit
Fixed marketing and administrative expense	RM55,000 per quarter

Required:

- (a) Calculate the unit produced for the first quarter of 2022. (1 mark)
- (b) Calculate the manufacturing cost per unit for the first quarter 2022 using the absorption costing method. (1 mark)
- (c) Prepare an Income Statement for the first quarter of 2022 using the absorption costing method. *Show workings where necessary.* (7 marks)
- (d) Prepare an Income Statement for the first quarter of 2022 using the variable costing method. *Show workings where necessary.* (9 marks)
- (e) Reconcile the difference in net operating income under the two costing methods. (2 marks)

(Total: 20 marks)

End of Paper